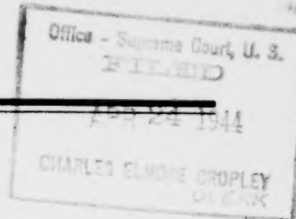


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IN THE
SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, A. D. 1943

No. 924

DENTAL PRODUCTS COMPANY, INC.,
Petitioner,

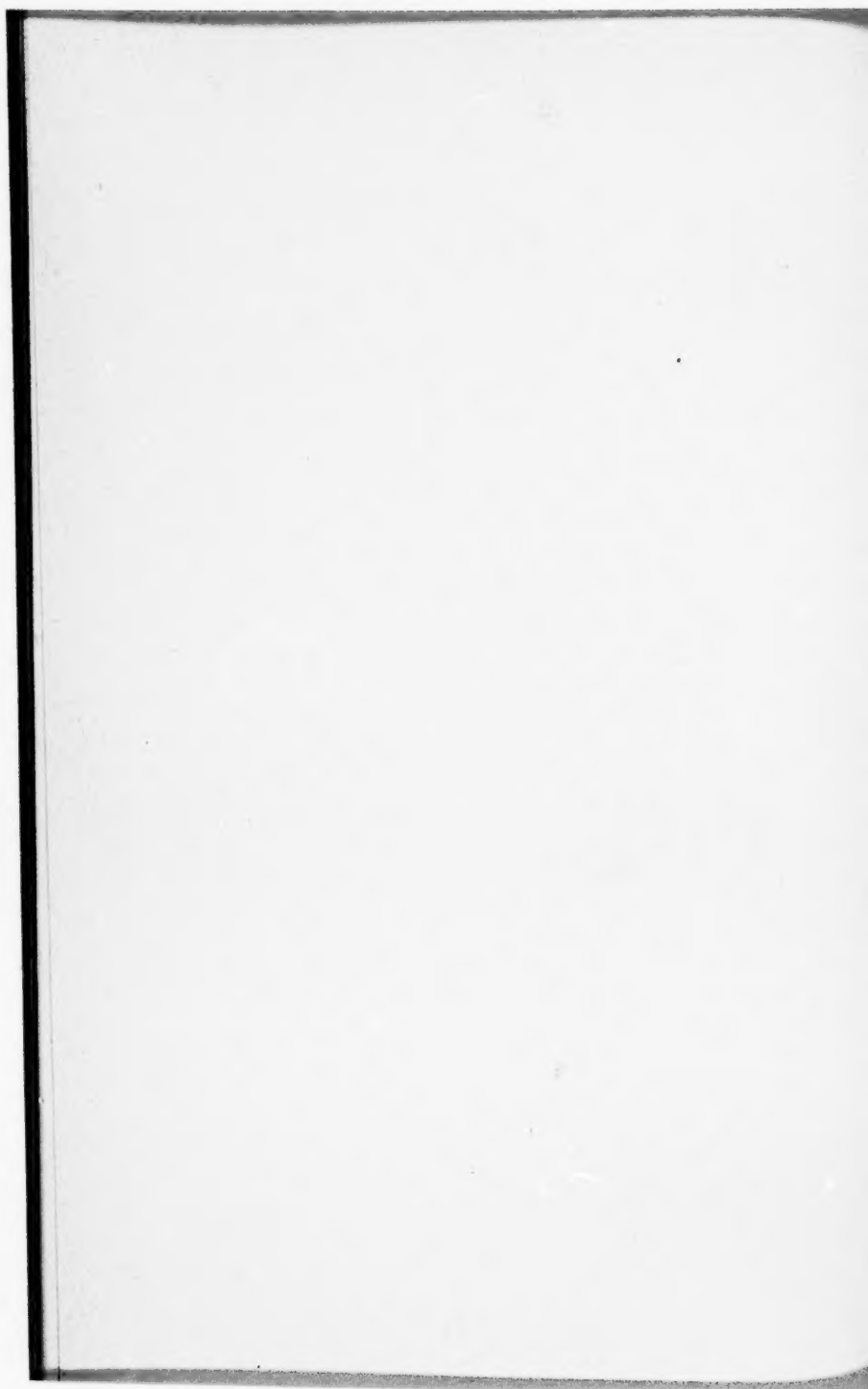
vs.

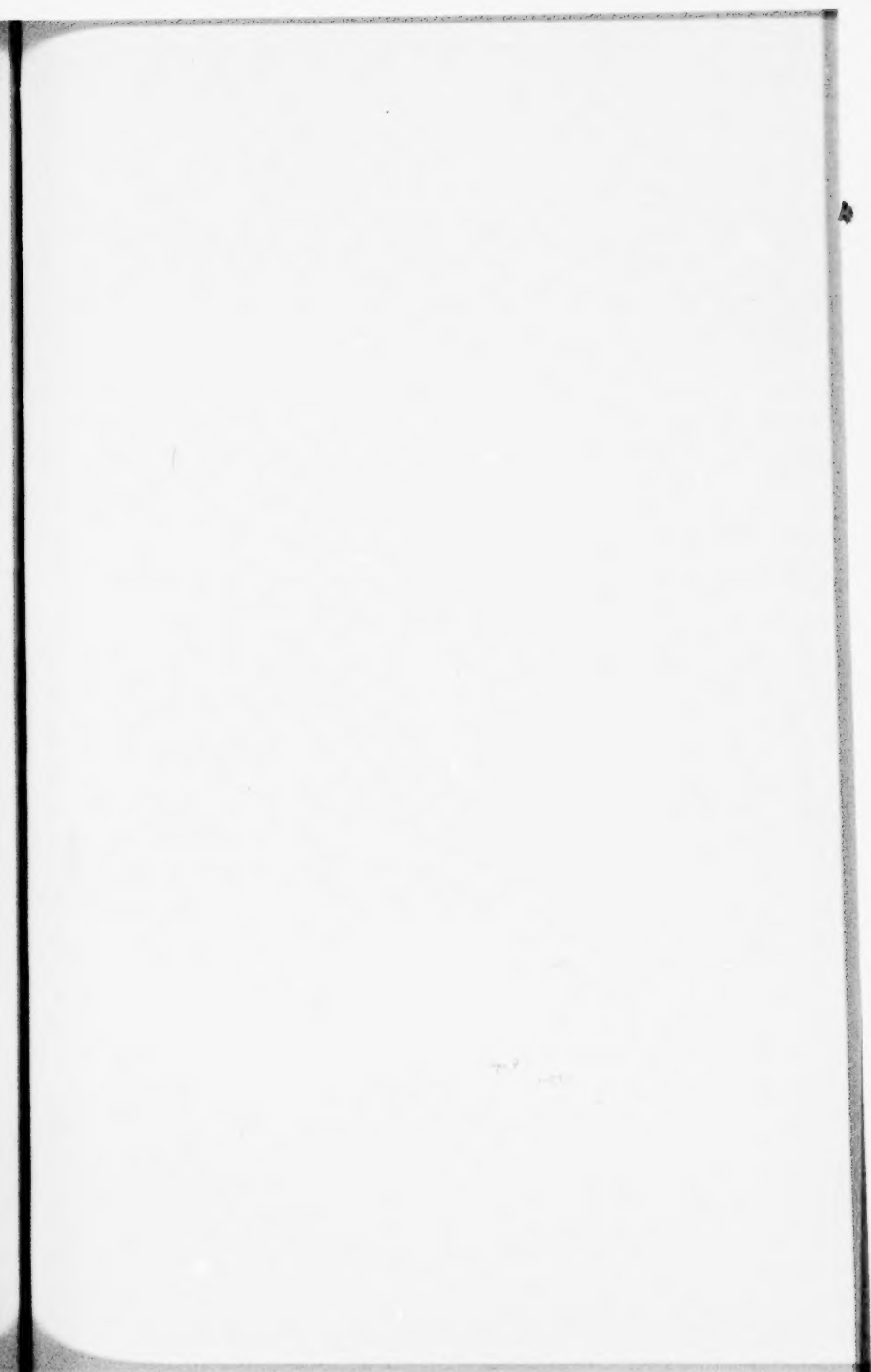
ARTHUR E. SMITH,
Respondent.

**PETITION OF DENTAL PRODUCTS COMPANY FOR A
WRIT OF CERTIORARI TO THE CIRCUIT COURT
OF APPEALS FOR THE SEVENTH CIRCUIT.**

MAX W. ZABEL,
105 W. Adams St.,
Chicago, Ill.,
Counsel for Petitioner.

W. BAYARD JONES,
105 W. Adams St.,
Chicago, Ill.,
Of Counsel.







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IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, A. D. 1943

No. _____

DENTAL PRODUCTS COMPANY, INC.,
Petitioner,

vs.

ARTHUR E. SMITH,
Respondent.

**PETITION OF DENTAL PRODUCTS COMPANY FOR A
WRIT OF CERTIORARI TO THE CIRCUIT COURT
OF APPEALS FOR THE SEVENTH CIRCUIT.**

*To the Honorable, the Chief Justices and Associate Justices
of the Supreme Court of the United States:*

Your petitioner, Dental Products Company, Inc., respectfully prays for a writ of certiorari to the Circuit Court of Appeals for the Seventh Circuit to review the judgment of that Court entered on the 14th day of January 1944 (petition for rehearing denied February 17, 1944). A certified transcript of the record in the case, including the proceedings in said Circuit Court of Appeals, is furnished herewith in accordance with the rules of this Court.

Summary Statement of Matter Involved.

Respondent, Arthur E. Smith, a resident of California, sued petitioner, Dental Products Company, an Illinois corporation, and certain others, in the United States District Court for the Northern District of Illinois (R. 2, 682) for an accounting of petitioner's profits arising from the manufacture and sale of certain articles, and for an injunction to restrain the further manufacture and sale of these articles, and of any other articles which were provided with certain trade-marks.

The complaint alleged unfair competition, patent infringement and trade-mark infringement, and jurisdiction was based on diversity of citizenship, and on the patent and trade-mark statutes.

Petitioner filed a counterclaim alleging fraudulent registration on the part of respondent of one of the trade-marks involved (R. 12).

This petition concerns the ownership of three trade-marks, "Den Pro," "Conducto" and "Conducto Unitube."

It also concerns the legal effect of two successive royalty contracts (1918 and 1930) in which respondent granted to petitioner the exclusive right to manufacture and sell certain allegedly patented articles (Plaintiff's Exhibits 81 and 83; R. 387, 602, 611). These articles were sold by petitioner under the trade-marks "Conducto" and "Conducto Unitube" during the term of the contracts.

After the 1930 contract was cancelled by respondent (Plaintiff's Exhibit 84; R. 387, 617) petitioner continued the manufacture and sale of the articles under the "Conducto" trade-marks at first, and then gradually changing over to the trade-mark "Den Pro."

Petitioner claims ownership of these trade-marks by virtue of continuous and exclusive use and of public recognition.

Respondent claims ownership by virtue of a prior use from 1915 to 1918 which was discontinued upon execution of the 1918 contract.

However respondent claims that whatever rights he had in the trade-marks in issue in 1918 have been held in abeyance by the two contracts so that these rights can now be asserted even though they are applied to articles which were not sold by him prior to 1918.

Petitioner is a manufacturer and vendor of supplies for dentists. It was incorporated in 1916 as Dental Products Co. and at that time some of the articles it sold were marked Den. Pro. Co.—an abbreviation of its corporate name (R. 560, 572, 3). Starting in 1925, it has applied the trade-mark "Den Pro" to an increasing number and kinds of articles and has used it continuously up to date on a great volume of goods sold throughout the United States and in some foreign countries.

Over the fourteen year period from 1921 to 1934, petitioner has sold one and one-half million dollars' worth of goods, all of them being sold under its own name, Dental Products Co. (see Sales Analyses, Defendant's Exhibits 20 to 30 inclusive, 45, 46, 47 and 48, introduced at R. 562 and 593, 594; reproduced at R. 621 to 632 inclusive).

The trade-marks "Den Pro" and "Conducto" are known to the trade as petitioner's trade-marks and as identifying the goods of petitioner only (R. 411, 415, 425, 436, 445, 451, 473, 476, 486, 497, 506, 515, 530, 538).

Respondent is a dentist and an inventor who has not, since 1918, engaged in the business of making or selling dentists' supplies. He is not now known as the commercial source of any dentists' supplies (R. 414, 426, 438, 452, 463, 474, 479, 488, 496, 506, 516, 531, 539, 46, 81, 120, 130).

Shortly after the 1930 contract was cancelled, respondent made two sales of some articles to which he applied

the trade-mark "Den Pro" (R. 305, 335). On the basis of these two sales, respondent applied for trade-mark registration on "Den Pro" as applied to "syringes, empty ampuls, hypodermic needles and anaesthesia instruments, and adapters for syringes" (Plaintiff's Exhibit 4; R. 386, 749).

There is no evidence that respondent ever again used "Den Pro" on the goods specified in the application for registration, although he did sell a few tubes of surgical dressing under the trade-mark "Den Pro" in subsequent years.

The "Den Pro" registration, No. 328,935, in issue was granted on this application (R. 749).

The facts regarding the trade-mark "Conducto" require somewhat more detailed treatment.

About one-third of petitioner's business from 1921 to 1934 was in certain articles relating to conduction anesthetic, and to which the trade-mark "Conducto" was applied (R. 621-632).

Conduction anesthetic is a certain type of local anesthetic, the anesthetizing effect of which, when injected into a nerve trunk, is conducted outwardly along the many nerve branches to insensitize the nerve endings over the desired area.

Along in 1915, respondent invented an improved form of conduction anesthetic. The improvement consisted in making the anesthetic in tablet form combined with certain body salts in certain specified proportions and amounts so that when dissolved in a standard amount of distilled water, there was produced, in an amount sufficient for one injection, an anesthetic solution that was isotonic. That is, its salinity equalled that of the blood. Thus were avoided the difficulties attending the use of a stock anesthetic solution, the salinity of which gradually increased

due to evaporation. A patent was granted to respondent on this conduction anesthetic tablet in 1917 (R. 603).

In connection with certain lectures respondent was giving to dentists on the administration of conductive anesthesia, he sold these tablets as "Conducto tablets," the adoption of the name "Conducto" being "obvious because we were concerned with conduction anesthesia" (R. 361).

In 1918, respondent granted to petitioner the sole and exclusive right to manufacture and sell his patented tablet, and also certain other articles, allegedly invented by respondent, which have been of no commercial importance for the past fifteen or eighteen years, and which articles are not now in issue. This grant is contained in the 1918 contract (Plaintiff's Exhibit 81; R. 387, 602). The contract also had certain other provisions, some of which related to the use of respondent's personal name on the goods in an ethical manner (R. 605).

Petitioner thereupon commenced to sell these patented tablets under the trade-mark "Conducto", and in 1920 received registration No. 134,937 thereon, which registration is here in issue. These tablets were a commercial success at that time.

Petitioner, in 1920, also received Registration No. 133,115 for "Conducto" as applied to the other articles mentioned in the 1918 contract. Both of these "Conducto" registrations in issue (Plaintiff's Exhibits 2 and 78; R. 386, 743, 745) expired before the amended and supplemental complaint (R. 2) was filed.

Starting about 1924, the tablet sales began to fall off. In 1926 or 1927 petitioner began to sell conduction anesthetic in solution form. The solution was put up in replaceable glass cartridges, referred to herein as ampules or unitubes. Petitioner also manufactured and sold a special type of syringe adapted to receive one of these

ampules and to dispense the anesthetic therefrom, after which the empty ampule was discarded. This idea of selling an anesthetic solution in an ampule and of dispensing it in a special syringe was at that time about thirty-five years old, and not covered broadly by any patents. These ampules were sold under the trade-mark "Conducto Unitube" and immediately became a success, outselling the tablets about ten to one during the first three years. (See p. 29 herein for graph of sales.)

Between 1918 and 1930, respondent received numerous patents on other dental articles than those forming the subject matter of the 1918 contract. In all, respondent at the time of the trial had been granted some fifty patents (R. 405). At least five of these patents related to this special syringe for dispensing the contents of ampules and formed the subject matter of this suit (R. 697, 703, 709, 717, 739).

In 1927 respondent had applied for registration on the trade-mark used by petitioner, "Conducto Unitube." In 1928 petitioner assigned its registrations on "Conducto" to respondent (Plaintiff's Exhibit 79; R. 387, 601), in order that he might secure the registration on "Conducto Unitube" which heretofore had been refused because the "Conducto" registrations were registered in the name of petitioner. The registration "Conducto Unitube" was granted to respondent for both anesthetic tablets and solutions, but not for the cartridge or unitubes themselves, or for the syringe (Plaintiff's Exhibit 1; R. 386, 747).

In 1930, the parties entered into another contract which included these comparatively successful ampules (Plaintiff's Exhibit 83; R. 387, 611). This agreement did not specify any of respondent's syringe patents, but presumably was based upon the large number of patents which respondent then had and which allegedly covered the ampules either directly or indirectly on the theory

of contributory infringement of the syringe patents. The 1930 contract also included the patented tablet which by this time was of small commercial importance. It also included the unitube syringe and surgical dressing which were not in the first contract. This contract was cancelled by respondent in 1935 after the tablet patent had expired. There is no proof that respondent ever sold any of these tablets after the contract was cancelled.

Petitioner paid respondent about \$100,000 under the two contracts (R. 561).

After said cancellation, respondent made no use of the trade-mark "Conducto" for a year and a half. In September 1936, he made one sale of ampules under the trade-mark "Conducto" (R. 346). This is the only use by respondent subsequent to 1918 of the word "Conducto" on any of the goods specified in the three "Conducto" registrations in issue.

This suit was filed in 1939, the complaint alleging infringement of ten patents and of the four trade-mark registrations above mentioned. No notice was given prior to the filing of suit of respondent's contention that petitioner had infringed any of the trade-marks in issue.

The District Court held for petitioner on the trade-marks and for respondent on the patents (R. 635). The Seventh Circuit Court of Appeals reversed the District Court, holding for respondent on the trade-marks and for petitioner on the patents (R. 773). The Circuit Court of Appeals specifically held that the ampules were unpatented articles and that the manufacture and sale thereof by petitioner was not a contributory infringement of the syringe patents (R. 801).

Jurisdiction.

1. The date of the judgment to be reviewed is January 14, 1944; petition for rehearing denied February 17, 1944.

2. The judgment was rendered in a civil action involving a patent infringement under the patent statutes, trade-mark infringement under the trade-mark statutes, and unfair competition. Petitioner's writ is concerned only with the judgment insofar as it related to trade-mark infringement and unfair competition.

3. The statutes under which jurisdiction is invoked are: 240 (a) of the Judicial Code, 28 U. S. C. A. 347 (a); and Sec. 18 of the Trade-Mark Act of 1905, as amended, 15 U. S. C. A. § 98.

4. While this is a suit involving trade-mark infringement and unfair competition, the questions submitted for review are not limited to this specific controversy, but are general questions raised by the Circuit Court of Appeals for the Seventh Circuit. Jurisdiction is shown under Rule 38 (5b) of this Court as follows:

- a. A decision of a federal question in a manner conflicting with the applicable decisions of this Court.
 - b. Conflict in important respects between the Circuit Court of Appeals for the Seventh Judicial Circuit and the courts of appeals of other judicial circuits on the same questions of law.
 - c. Important questions of federal law which have not been but should be settled by this Court.
5. Cases believed to sustain the jurisdiction are:

S. S. Ansaldo San Giorgio I v. Rheinstrom Bros. Co., 294 U. S. 494.

Magnum Import Co. v. DeSpoturno Coty, 262 U. S. 159.

Hutchinson, Pierce & Co. v. Loewy, 217 U. S. 457.

Morton Salt v. G. S. Suppiger, 314 U. S. 488.

The Questions Presented.

1. Is a trade-mark the subject of property apart from its use in an existing business?

(a) Does the long continued use of a trade-mark on certain articles by a manufacturer and seller with an established trade reputation constitute unfair competition against a trade-mark registrant who is possessed of no trade reputation?

2. Does not a corporation have a right to be secure from an appropriation of a portion of its corporate name?

(a) By registration, under the trade-mark statutes, an *ex parte* proceeding, can one appropriate as a trade-mark a portion of another's corporate name, which portion has been used, and recognized by the public, as an abbreviation, a trade name, and a trade-mark on the same class of goods for many years prior to the continuous use alleged by registrant in his application for registration?

(b) Where, in an action brought by said registrant against a defendant corporation, a Federal Court sanctions such appropriation by enjoining the corporation from the use of a portion of its corporate name as a trade-mark on the grounds that defendant's previous use thereof as a trade-mark was conducted by sufferance of the plaintiff under certain alleged license contracts, is not the refusal of said court, in arriving at its judgment, to recognize the defense that no royalties were paid by defendant,

or demanded by plaintiff on the use of said trade-marks, a deprivation of property without due process of law, the alleged license contracts not mentioning the trade-mark in issue, and having been cancelled by plaintiff before his registration of the trade-mark in issue?

3. Can a patentee, by contract, make a purely restrictive use of a trade-mark so as to extend his patent monopoly either beyond the term of his patent or to articles which do not infringe his patent?

(a) Does the grant of the exclusive right to make and sell a particular article carry with it the exclusive right to use the trade-mark which has been attached thereto?

(b) If the right to make and sell passes into the public domain, as by expiration of a dominating patent, or by judicial decree, and the grant of said right to make and sell thereby becomes irrevocable, then does not the grant of the right to use the trade-mark also become irrevocable?

(c) If the grantee, nine years after the grant, applies the same trade-mark to different articles, which are not patentable, and the grantor, never having sold said different articles, represents that the manufacture and sale thereof by the grantee contributorily infringes certain patents recently issued to the grantor and induces the grantee to enter into a new contract providing for royalty payments on said unpatentable articles, has not the grantor misused his patent to the extent where he is estopped from contending that the terms of said royalty contract evidences an intent of the parties that the ownership of the trade-mark should remain in the grantor?

4. In questions involving a so-called trade-mark license do not the interests of the public so far supersede the in-

terests of the private litigants that the intent of the contracting litigants is not determinative of the issue?

The Reasons Relied on for the Allowance of the Writ.

1. Because the Court of Appeals for the Seventh Circuit, in reversing the District Court, and in holding that respondent is entitled to an injunction against the future use, by petitioner, of the trade-marks "Den Pro", "Conducto", and "Conducto Unitubes", and to an accounting of petitioner's profits arising from the past use thereof, has treated as a property right a trade-mark which has not been used by respondent in connection with any existing business. In so far as this action of the Seventh Circuit Court of Appeals is based on the trade-mark statutes, it has decided a Federal question in a way probably in conflict with applicable decisions of this court.

2. The Court of Appeals for the Seventh Circuit, in ordering the District Court to enjoin the petitioner from the use of the trade-mark "Den Pro", has ignored the common law right of petitioner to be secure from appropriation of a portion of its corporate name.

(a) In so far as this ruling is based on the trade-mark statutes, the Circuit Court of Appeals has decided a Federal question in a way probably in conflict with applicable decisions of this court.

(b) In ignoring the existence of certain facts which constitute an absolute defense to the legal theory which the Circuit Court of Appeals for the Seventh Circuit has chosen to be determinative of the issue, it has so far departed from the accepted and usual course of judicial proceedings as to call for an exercise of this court's power of supervision.

3. Because the Court of Appeals for the Seventh Circuit has held that a patentee, by contract, can make a

purely restrictive use of a trade-mark so as to extend his patent monopoly beyond the limitations inherent in the patent grant.

(a) In so far as this ruling extends the monopoly beyond the term of the patent grant, this ruling is in conflict with the decisions of the Courts of Appeal for the Second Circuit and for the District of Columbia.

(b) In so far as this ruling permits a patentee to assert a monopoly over unpatented articles on the grounds that they contributorily infringe certain patents and infringe certain trade-marks, to the end that the patentee's monopoly on the unpatented articles may be preserved by relying on the terms of the contract even though the Court of Appeals has found that there is no monopoly on the basis of contributory infringement, the Seventh Circuit Court of Appeals has decided an important question of Federal law which has not been, but should be, settled by this court.

4. Because the Court of Appeals for the Seventh Circuit, in a case based on the trade-mark statutes and involving a so-called trade-mark license, has in effect decided that the intent of the contracting litigants so far supersedes the interests of the public that said intent is determinative of the issue. This is a ruling on an important question of Federal law which has not been, but should be, settled by this court.

Respectfully submitted,

MAX W. ZABEL,

Counsel for Petitioner.

105 W. Adams St.,
Chicago.

W. BAYARD JONES,
Of Counsel.

